

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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IN THE MATTER OF:)

FEDERAL-STATE JOINT BOARD ON)
UNIVERSAL SERVICE)

CC DOCKET NO. 96-45

COMMENTS

OF THE
OFFICE OF COMMUNICATION OF THE
UNITED CHURCH OF CHRIST

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December 19, 1996

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I. Introduction.

The Office of Communication of the United Church of Christ ("Office of Communication") respectfully submits Comments in response to the Recommended Decision of the Federal-State Joint Board, released November 8, 1996, ("RD").

The Office of Communication previously submitted Comments in conjunction with the Alliance for Community Media and the Minority Media and Telecommunications Council in response to the Commission's Notice of Proposed Rulemaking ("NPRM") in this proceeding.

II. The Recommended Decision is Non-Responsive to Concerns raised about Disparate Infrastructure Deployment.

Paragraph 6 of the Commission's NPRM requested comment on how to establish an "urban area benchmark" for comparable services in rural, insular, and high cost areas and for low-income consumers. The Commission correctly recognized that the third universal service principle requires that such classes of consumers receive service that is "reasonably

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comparable" to consumers in the benchmark area.¹ "Reasonably comparable", from the point of view of the Office of Communication, requires that services not only be comparably in quality, but also comparable in terms of timely availability.

It has been previously brought to the Commission's attention that industry marketing strategies generally favor the initial deployment of advanced services in affluent communities.² To the extent that low-income communities are disproportionately under-represented in the early phases of deployment, the principle of "comparable service" and the general prohibition against discrimination³ are violated.

¹. The NPRM further added that, In light of the further legislative intent to "accelerate rapidly private sector deployment of advanced services to all Americans," [the Commission] believes that our goal should be to ensure that consumers "in all regions of the Nation" and at all income levels, including low-income consumers, enjoy affordable access to the range of services available to urban consumers generally. NPRM para. 6 (notes omitted).

². See Comments of the Office of Communication et al in response to the NPRM at 13. Also see Petition of the Center for Media Education et al. For Relief of Unjust and Unreasonable Discrimination in the Deployment of Video Dialtone Facilities, May 23, 1994, which found evidence of electronic redlining in connection with video dialtone. The reader is also referred to the Technological Advanced Family, a publication of the Yankee Group prepared for the Regional Bell Operating Companies. According to the Yankee Group, families that constitute less than 16 percent of U.S. households fit the profile of the earliest adopters of high-tech products and services. Such families have a high disposable income, a 4 year college education, and are generally home owners. The Yankee Group has said that its "TAF" profile should guide the marketing strategy of the telephone industry because such demographics are the "first consumers to adopt many new products and service in the early stages of their introduction."

³. The 1996 Act amended the general prohibition against discrimination in the 1934 Act to read "to make available, so far as possible, to all people of the United States *without discrimination of the basis of race, color, religion, national*

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Therefore, the Office of Communication strongly recommended the adoption of an "effects test" as an objective means of determining whether infrastructure deployment is "reasonable comparability" between the "benchmark" communities and the protected classes (rural, insular, high-cost areas and low income consumers).⁴ An "effects test" is essentially a means of determining whether the protected classes are proportionately represented at each stage of deployment. The "test" can also compare quality of service. Successful precedent for such a "test" can be found in the home mortgage industry under the Home Mortgage Disclosure Act.⁵

The RD, to the dismay of the Office of Communication, is non-responsive to this issue and does not in any way address the issue of disproportionate representation in infrastructure modernization.

A recent Office of Technology Assessment study, cited in earlier comments, summarizes the social and economic implications of the uneven distribution of technological (including telecommunications) infrastructure,

[T]echnological change in addition to other economic, political, and social phenomena is redistributing people and opportunity across the American metropolitan landscape. Outer suburban and exurban areas, on the whole have prospered in this redistribution, gaining large increases in population and high-skilled and lower-skilled jobs. At the same time, the position of the urban core has become more precarious. U.S. Congress, Office of Technology Assessment, *The Technological Reshaping of Metropolitan America*, OTA-ETI-643 (Washington, D.C: GPO, September 1995).

origin, or sex a rapid, efficient , Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges." 47 U.S.C. S 151, amended by the 1996 Act sec. 104. S 151 (new language emphasized).

⁴. Comments of the Office of Communications et al. at 14.

⁵. Compliance with HMDA requires banks to expend about six hours a year. id.

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In effect, *The Technological Reshaping of Metropolitan America* concludes that technology, along with other factors, greatly influences social and economic opportunities available to people residing in metropolitan areas. To the extent that infrastructure development disproportionately favors one area over another (i.e. suburbs over the urban core) the disparities that presently exist in terms of quality of life (education, employment, investment) will be further exacerbated.

Therefore, the Office of Communication strongly urges the Commission in its review of the RD to address the issue of disparate infrastructure deployment and adopt an "effects test".

III. The Recommended Decision is Non-Responsive to Concerns raised about the "Urban Benchmark" Standard.

Closely related to the reasons cited above, the Office of Communications recommended that the Joint Board acknowledge that the vast majority of telecommunications infrastructure development is taking place in suburban localities - not the urban cores.⁶ Therefore, in order for the so-called "urban benchmark" to advance the Congress' intent to accelerate the rapid deployment of advanced services,⁷ an "urban benchmark" standard must reflect the largely suburban location of infrastructure modernization. Otherwise, a standard that stops at the legal boundaries of the major cities will undoubtedly undermine Congresses intent.

The Office of Communication trusts that the Commission will revisit the issue of

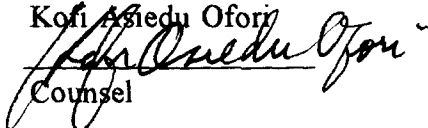
⁶. Comments of the Office of Communication et al. at 12.

⁷. NPRM para. 6 citing S. Conf.Rep. NO. 104-230, 104th Cong., 2d Sess. 1 (1996).

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defining the "urban benchmark" standard in its review of the RD.

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